

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On September 4, 2013

The State Properties Review Board held a special meeting on September 4, 2013 at the I-95 Southbound Milford Service Plaza, Milford, Connecticut.

Members Present: Edwin S. Greenberg, Chairman
Bennett Millstein, Vice Chairman
Bruce Josephy, Secretary
Mark A. Norman
John P. Valengavich

Members Absent: Pasquale A. Pepe

Staff Present: Mary Goodhouse, Real Estate Examiner

Chairman Greenberg called the meeting to order.

Mr. Josephy moved and Mr. Norman seconded a motion to enter into Open Session. The motion passed unanimously.

OPEN SESSION

SITE INSPECTION—Milford Service Plaza, I-95 Southbound related to PRB File #09-292, DOT Concession Agreement No. 6.01-01(09)

The following people also participated in the meeting: from Project Service LLC: Paul Landino, CEO and Mike Modine, Director of Operations; from OR&L Property Management Services: Greg Horan and Suzanne Black; and from CT Department of Transportation (DOT): Dan Smachetti, Jeffrey Stewart, and Phil Rothstein.

Project Service LLC is DOT's prime contractor under a thirty-five year concession agreement to redevelop, operate and maintain 23 service plaza facilities and the DOT headquarters cafeteria. Mr. Landino and Mr. Modine discussed the construction schedule which is a five-year schedule extending to 2015. In the current calendar year, 7 facilities will be completed; in 2014 there will be 7 additional facilities completed. Mr. Landino expects the initial capital investment in facilities will exceed the amount of \$178 million that was projected in the contract by 3-4%. All improvements are subject to review and approval by DOT. OR&L Property Management Services manages the properties before and after construction.

The Chairman inquired about the selection of the vendors and competitive pricing. Mr. Landino explained that there are four core tenants: Alliance Gasoline, McDonald's, Subway and Dunkin' Donuts, and each service plaza has a convenience store. If space permits other vendors are selected based on the merits of their proposals. Concerning competitive pricing of fast food, individual franchise owners have choices about whether to offer nationally advertised promotions.

Mr. Smachetti said that DOT was beginning to receive some payments above the minimum annual guaranteed payments of \$1.0 million. Mr. Landino said that the revenue growth at Milford and similarly located service plazas would be from the local (not transient) market and that July 2013 retail sales were 18% above July 2012 retail sales. Fuel sales were less than the prime contractor had projected. Through June 30, 2014, the State receives 1.00¢/gallon of fuel and 1.25% of gross receipts from the sale of all non-fuel products. Then through

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June 30, 2019 the State will receive 1.50¢/gallon and 2.00% of gross receipts. In 2015 when all the facilities are complete DOT will be able to analyze how the actual receipts compared with the projections made in 2009.

Concerning environmental remediation, DOT had reached an \$18 million settlement with ExxonMobil and in combination with other funds, DOT has a pool of \$22.5 million now available for environmental remediation. Project Service LLC is carrying out the remediation as required at each facility. All costs of remediation are borne by the State.

Other matters discussed included truck parking, surveillance and security, and consumer feedback. In general, Project Service LLC remarked on the success of the project as a public/private partnership.

Mr. Josephy moved and Mr. Norman seconded a motion to adjourn. The motion passed unanimously.

The meeting adjourned.

APPROVED: _____ **Date:** _____

Bruce Josephy, Secretary